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Attachments 8 and 9

Inspector General's Recommendations, Pages 65 and 70

Recommended DCI Action:

- Page 65
- a. Disapprove
 - b. Disapprove
 - c. Approve in principle
 - d. Approve

- Page 70
- a. Disapprove
 - b. Disapprove
 - c. Disapprove

Inspector General's Statement, Page 65

a. The DD/P establish a Soviet Republics (SR) Staff responsible for planning and programming DD/P-wide operations against Soviet targets, for guiding and supporting area division operations against Soviet targets, and for performing other purely staff functions, including submission of periodic reports to the DD/P on the status of Soviet operations and the performance of area divisions and field stations and bases in such operations. This SR Staff should number approximately 100 personnel drawn from the present SR Division staffs including Reports and Requirements and [REDACTED] and CI/International Communism Division.

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c. The DD/P direct Chief, SR Staff, Chief, CI Staff, and Chief, Special Projects Division, to study carefully and make recommendations on the most efficient organization and allocations of responsibility for the conduct of world-wide counter-intelligence operations against the RIS.

d. The DD/P direct a greatly increased training effort throughout his area on all aspects of operations against the Soviet Union.

Inspector General's Statement, Page 70

a. The DD/P reduce the CI Staff to approximately 40 personnel responsible exclusively for counter-intelligence staff functions such as: (1) planning the DD/P counterintelligence program; (2) reviewing

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operations for the maximum exploitation of counter-espionage opportunities and for the protection of our own operations and security of agents; (3) providing staff advice and guidance on counterintelligence activities; (4) monitoring liaison with foreign intelligence services the FBI and other government agencies on counterintelligence and internal security matters; and (5) establishing a central index of foreign counterintelligence information under NSCID/5.

b. The DD/P transfer the International Communism Division to the SR Staff recommended in the preceding section of this report.

c. The DD/P transfer the various special projects and sensitive operations conducted by the CI Staff with attendant personnel to the Special Projects Division recommended in the preceding section of this report.

DD/P General Comment

The recommendations on pages 65 and 70 are inter-related and therefore in my response I have considered them together. I agree with the desirable objective of the Inspector General clearly to distinguish between the staff and command functions. I have emphasized the

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difference in these two functions and insisted on its observance wherever practicable. I do not agree, however, in the separation of these functions to the extent that a particular organizational component must be wholly staff or wholly command. I believe that the principle is sufficiently protected if certain functions are clearly defined as either staff or command and the two are not inter-mingled. To accomplish the objective of having a unit perform exclusively staff or command functions would require an increase in the number of separate components within the CS and would fail to utilize to the fullest the available expertness. In the recent past I approved the establishment of two elements in the CS which illustrate my point -- the China Activity, FE Division, and the 25X1A8a [REDACTED] in the IO Division. Each of these components has a clear staff function on the one hand and a

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clear operational responsibility on the other. This arrangement is economical and realistic. It does not in my opinion violate the sound principle of the separation of the staff and command functions.

DD/P Specific Comment, Page 65

a. and b. Non-concur: While I am in substantial accord with the objective sought by the Inspector General through these recommendations I believe the effort against the Soviet target can be increased without the proposed organizational changes. For the past year I have devoted considerable personal attention to the question of our operations against Soviet targets. I believe we have made progress in clarifying relationships and fixing responsibilities for the several types of operations against the Soviets and yet I realize that further improvement is necessary. My study of this particular problem has shown

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me that the objective of increasing our competence and expanding our effort against this priority target cannot be achieved by edict nor by well-intentioned changes in our structure. Indeed a large scale modification in our organization as proposed by the Inspector General could have adverse effect on our efforts without corresponding benefits. I am not disturbed at the fact that the present SR Division has both staff and operating responsibilities. I do not agree with the Inspector General that this is a basic problem which can be resolved only by splitting SR into two separate components -- the proposed SR Staff and the Special Projects Division. So long as a clear distinction is maintained between operating and staff roles it seems to me more economical and less disruptive to maintain our resources in a single component. Conditions facing our stations in different parts of the world with respect to Soviet targets vary considerably.

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The Chief, SR, is now engaged in working out specific plans and actions with the chiefs of the other operating divisions for a coordinated attack against Soviet targets. I visualize this as a continuing program with SR Division serving as the focal point for all our activities against the USSR. The important requirement is that the special competence of the personnel of the SR Division is brought to bear on our world wide operations against the Soviet target. This is best accomplished at Headquarters by consultation with the SR Division. It is less important at this stage whether the case officer is officially assigned to SR or another area division. He is responsible to the Chief of Station and the required guidance and direction can flow from SR through the area division and Chief of Station to the case officer. I doubt that the arbitrary transfer from SR Division to other area

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divisions of those people who are operating against Soviet targets abroad would be uniformly advantageous. The situation in areas varies. Hence I am establishing a flexible program for operations against Soviet targets which has as one objective an increase in the number of our people who are knowledgeable in Soviet matters. As this number increases and normal personnel rotations take place I believe there will be a gradual increase in the number of people operating against Soviet targets abroad who are assigned to the other area divisions. The attached memorandum of 2 September from me to the chiefs of the area divisions shows in more detail what actions I have taken and propose to take in order to increase our effort against Soviet targets. We are increasing our efforts to establish a separate

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The establishment of a "separate, highly secure, overseas clandestine apparatus" under a Special Projects Division as proposed by the Inspector General would conflict with the operations of the area divisions and greatly complicate the control and direction of our operations.

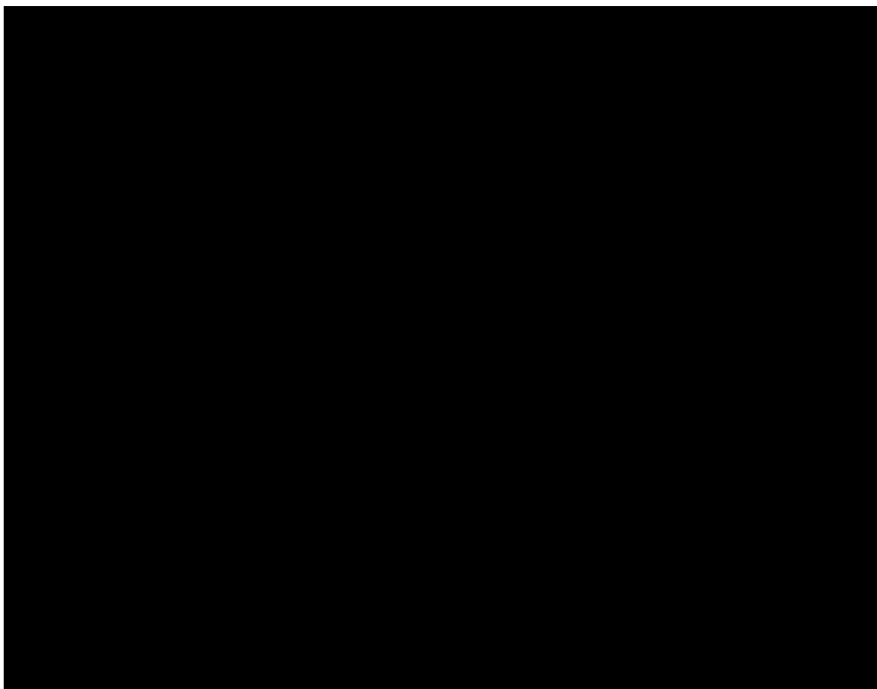
c. Concur in principle: I have instructed the Chief, SR, and the Chief, CI, to undertake such studies.

d. Concur: A review is now under way concerning over-all training requirements of the Clandestine Services. One objective of this review will be to develop in collaboration with the Office of Training better coordinated training curriculum related to operations against the Soviet Union. In addition I have recently issued instructions that qualified employees of other divisions will be rotated into SR Division, thus

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DD/P Specific Comment, Page 70

a., b. and c. Non-concur: My non-concurrence with this recommendation is inherent in my negative response to the proposed establishment of an SR Staff, a Training and Doctrine Staff and a Special Projects Division. In addition, I believe that a high degree of centralization of authority is essential for proper performance of the CI function. This centralization must include provision for the control and direction of certain CI operations by a specially skilled central authority, particularly in the case of operations that are of unusual importance or complexity or which are of broad scope. Current efforts which I am making to redefine the role of the CI and other Special Staffs have as one principal objective the elimination of duplicating and marginal activities. Even so I do not feel that the counterespionage function can be adequately performed by the number of people recommended

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by the Inspector General. Since the completion of the Inspector General's Survey I have obtained from the Chief, CI Staff, a report of the work load in those activities which the Inspector General proposes be performed by the CI Staff. On the basis of this report I believe a good case can be made for about the number of people now engaged in these activities. I recently reduced the strength of the CI Staff, however, and am studying the feasibility of a further modest reduction. With respect to the International Communism Division I will concede that this unit could be placed in one of several locations. For the present I feel that it is satisfactorily located in the CI Staff.

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activity. I conducted a study of the problem of

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international communism in 1954 and 1955 and
it was my conclusion that the ICD should remain
in the CI Staff. I believe the considerations which
led to this conclusion are still valid today.

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